

BEFORE THE
UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Parcel Select Contract 4 (MC2012-33)
Negotiated Service Agreement

Docket No. CP2012-41

PUBLIC REPRESENTATIVE COMMENTS

(September 6, 2013)

I. BACKGROUND

In response to Order No. 1821, the Public Representative hereby comments on the proposed Amendment to Parcel Select Contract 4.¹

The Public Representative observes that the United States Postal Service's (Postal Service) proposed Amendment to section F, "Annual Adjustment of Prices," requires clarification in order to be more transparent for the general public. However, the Public Representative believes that the Amendment to Parcel Select Contract 4 comports with the provisions of title 39. The contract appears to be beneficial to the Postal Service, the contract partner and the general public.

II. DISCUSSION

The proposed Amendment to the original contract dated July 12, 2012, will go into effect the day after the Commission completes its review. The expiration date of the contract is July 31, 2015 unless either party terminates it early.²

The Postal Service's Amendment stipulates that the terms of the Parcel Select Contract 4 "have changed as contemplated by the contract's terms."³ The Postal

¹ Notice of the United States Postal Service of Amendment to Parcel Select Contract 4, with Portions filed Under Seal Amendment (Amendment), August 28, 2013.

² Order Adding Parcel Select Contract 4 to the Competitive Product List, July 25, 2012, Order No.1415 at 4.

Service asserts that the Amendment will not materially affect the cost coverage of the Parcel Select Contract 4. Amendment at 1.

The Public Representative reviewed the original contract, workpapers, and documentation provided under seal for Docket Nos. MC2012-33 and CP2012-41.⁴ In addition, the Public Representative examined all documentation filed on August 28, 2013, including information filed under seal. After reviewing all documents, the Public Representative has identified an issue with respect to section F.3. of the amendment.

Section F.3. of the amendment states that “[i]n any Contract Year, if the published percentage increases for any rate cell in Table 1 increases more than [redacted] the difference between the published percentage and [redacted] shall be *banked* [emphasis added] and applied to the following Contract Year’s annual adjustment.” Amendment at 2. The Public Representative observes that the Postal Service has not explicitly identified how the “banked percentage” will be recovered by the Postal Service with respect to subsequent rate changes; nor, does the contract identify whether any unused banked authority will be recovered or forfeited when the contract terminates on July 31, 2015. Therefore, for transparency purposes, the Public Representative suggests that the Commission request clarification of the calculation for recovering any banked amounts both during the contract term and when the contract terminates.

III. CONCLUSION

After accessing and reviewing all materials the Postal Service submitted in this docket, the Public Representative observes that amendment F.3. requires clarification in order to improve the contract’s transparency regarding banked amounts. The contract continues to contain provisions that are favorable to both the Postal Service and the public and meets the requirements of title 39.

The Public Representative respectfully submits the preceding Comments for the Commission’s consideration.

³ Amendment at 1.

⁴ Request of the United States Postal Service to Add Parcel Select Contract 4 to the Competitive Product List and Notice of Filing (Under Seal) of Unredacted Governors’ Decision, Contract, and Supporting Data, July 12, 2012.

A handwritten signature in black ink, appearing to read "Pamela A. Thompson", written over a horizontal line.

Pamela A. Thompson

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